



*To Lead, Advocate and Connect as the Voice of Business*

## **Senate Bill 1040 – Local Tax Relief for Working Families Act of 2020**

Budget and Taxation Committee

March 12, 2020

### **OPPOSE**

The Montgomery County Chamber of Commerce (MCCC), as the voice of Montgomery County business, **opposes Senate Bill 1040**. This legislation would give a county flexibility to set different income tax rates based on reported income in the County. In addition, it increases the maximum income tax rate allowed by the County to 3.5%. Currently, the County's income tax rate is capped at 3.2% and is applied evenly to all taxpayers.

On February 13<sup>th</sup>, a group of nine business organizations from Montgomery and Prince George's County sent a letter to the Chairs of the Budget and Tax and Ways and Means Committee expressing strong concerns over the multitude of proposed tax increases. The success of the Kirwan Commission is tied to a strong tax base and a competitive economy that can steadily fund these policies into the future. To grow our tax base, our government should continue to invest in filling our unmet housing needs and a diversified and accessible transportation system across the state.

The Chamber strongly supports the proposal to create a commission to analyze and make recommendations as to how to make Maryland's tax structure more business-friendly and economically competitive. This more comprehensive and strategic approach should be adopted, rather than a series of tax "one-offs" with little understood consequences.

While this bill only is authorizing and not prescribing, the Chamber has concerns about allowing jurisdictions these flexibilities prior to an analysis of Maryland's current tax structure. For the aforementioned reasons, **the Chamber opposes Senate Bill 1040 and respectfully urges an unfavorable report.**

*The Montgomery County Chamber of Commerce (MCCC) accelerates the success of our nearly 500 members by advocating for increased business opportunities, strategic investment in infrastructure, and balanced tax reform to advance Metro Maryland as a regional, national, and global location for business success. Established in 1959, MCCC is an independent non-profit membership organization and is proud to be a Montgomery County Green Certified Business.*